

Message Text

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ACTION ARA-17

INFO OCT-01 ADP-00 AID-20 EB-11 NSC-10 RSC-01 CIEP-02

TRSE-00 SS-15 STR-08 OMB-01 CEA-02 CIAE-00 COME-00

FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06 SIL-01

SAL-01 IGA-02 RSR-01 /130 W
----- 055439

R 122020 Z APR 73

FM AMEMBASSY LA PAZ

TO SECSTATE WASHDC 9557

LIMITED OFFICIAL USE SECTION 1 OF 2 LA PAZ 2103

E. O. 11652: N/ A

TAGS: EFIN, BL

SUBJ: MONTHLY ECONOMIC REPORT

REFS: STATE 115344; STATE 128009;

1. MOST RECENT MONTHLY DATA KEYED ACCORDING STATE REFTELS IN
PARAS 2, 3 AND 4.

2. ALL DATA IN US\$ MILLIONS:

A. GROSS CENTRAL BANK F/ X RESERVES:

JANUARY 1973: 60.1; FEBRUARY, 1973: 68.8; MARCH, 1973
64.5.

B. NET CENTRAL BANK F/ X RESERVES:

JANUARY: 43.0; FEBRUARY: 41.1; MARCH: 47.0.

1) NET IMF CREDIT: JANUARY: -0.1; FEBRUARY: -19.7;
MARCH: -19.7.

2) OVERDRAFT: JANUARY: -12.0; FEBRUARY: -12.0;
MARCH: -7.7.

3. ALL DATA IN \$ B MILLIONS:

C. GROSS GOB BORROWING FROM CENTRAL BANK: JANUARY 2,330;
FEBRUARY: 2,338; MARCH: 2,428.

D. NET GOB BORROWING FROM CENTRAL BANK: JANUARY: 1,877;
FEBRUARY: 1,879; MARCH: 1,907.

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E. MONEY SUPPLY, 1971: NOVEMBER: 1,537; DECEMBER: 1,699.
F. MONEY SUPPLY, 1972: NOVEMBER: 1,864; DECEMBER: 2,153.
G. CUMULATIVE CENTRAL GOVERNMENT REVENUES: DECEMBER, 1971: 1,089.7; JANUARY, 1972: 75.4; FEBRUARY, 1972: 152.4.
H. CUMULATIVE CENTRAL GOVERNMENT REVENUES: DECEMBER, 1972: 1,323.6; JANUARY, 1973: 139.1; FEBRUARY, 1973: 294.2.
I. CUMULATIVE INTERNAL REVENUE (RENTA): DECEMBER, 1971: 572.6; JANUARY, 1972: 45.8; FEBRUARY, 1972: 88.8.
J. CUMULATIVE INTERNAL REVENUE: DECEMBER, 1972: 623.7; JANUARY, 1973: 70.5; FEBRUARY, 1973: 123.3.
K. CUMULATIVE CUSTOMS REVENUE: DECEMBER, 1971: 424.6; JANUARY, 1972: 29.0; FEBRUARY, 1972: 61.9.
L. CUMULATIVE CUSTOMS REVENUE: DECEMBER, 1972: 461.3; JANUARY, 1973: 44.7; FEBRUARY, 1973: 89.0.
M. CUMULATIVE TREASURY EXPENDITURES: DECEMBER, 1971: 1,387.5; JANUARY, 1972: 138.4; FEBRUARY, 1972: 262.9.
N. CUMULATIVE TREASURY EXPENDITURES: DECEMBER, 1972: 1,840.7; JANUARY, 1973: 211.0; FEBRUARY, 1973: 361.5.
O. CUMULATIVE DOLLAR DISBURSEMENTS, 1971 PROGRAM LOAN AND GRANT (US\$ MILLIONS): JANUARY: 14; FEBRUARY: 14; MARCH 14.
P. CUMULATIVE PESO DISBURSEMENTS, 1971 PROGRAM LOAN AND GRANT (\$ B MILLIONS): JANUARY: 131.8; FEBRUARY: 132.8; MARCH: 134.4.
Q. CUMULATIVE DOLLAR DISBURSEMENTS, 1972 PROGRAM LOAN (US\$ MILLIONS): JANUARY: 20; FEBRUARY: 20; MARCH: 20.
R. CUMULATIVE PESO DISBURSEMENTS, 1972 PROGRAM LOAN (\$ B MILLIONS): JANUARY: 7 .2; FEBRUARY: 23.2; MARCH: 24.0.
S. AVERAGE CASA DE CAMBIO BUYING RATE FOR DOLLAR CHECKS (\$ B/1 US\$): JANUARY: 20.02; FEBRUARY: 20.02; MARCH: 20.02.

4. NET CENTRAL BANK F/ X RESERVES HAVE INCREASED BY \$10.5 MILLION SINCE END OF OCTOBER (IMMEDIATELY AFTER DEVALUATION AND DEPOSIT OF \$24 MILLION UNDER AID PROGRAM LOANS). END MARCH LEVEL ALMOST UP TO END 1972 LEVEL. INCREASE OF ALMOST \$6 MILLION IN MARCH DUE PARTLY TO SWAP ARRANGEMENTS UNDER WHICH FOREIGN BANKS BORROWED FOREIGN CURRENCIES FROM HEAD OFFICE TO COVER DEFICIT WHICH OCCURRED WHEN CENTRAL BANK ORDERED N LL RSTORATION OF RESERVE REQUIREMENT. REMAINDER INCREASE DUE TO GREATLY REDUCED SALES F/ X TO COMMERCIAL BANKS. CENTRAL BANK HAD NOTED THAT COMMERCIAL BANKS FOR PAST TWO MONTHS HAD BEEN BUYING F/ X AND BUILDING UP F/ X ASSETS LIMITED OFFICIAL USE

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HELD ABROAD. IN MARCH, CENTRAL BANK SIMPLY ASKED BANKS WHY

THEY WISHED PURCHASE ADDITIONAL EXCHANGE WHEN THEIR F/ X ASSETS HELD ABROAD AT EXCEPTIONALLY HIGH LEVELS AND RESERVE REQUIREMENTS NOT YET MET. QUESTIONING PROCEDURE HAD MARKED AFFECT. THIS RESTRAINT WILL BE LESS IMPORTANT IN APRIL WITH RESERVE REQUIREMENTS LARGELY MET AND CREDIT SITUATION EASING.

5. CENTRAL BANK MONEY ISSUE INCREASED BY 4 PERCENT IN MARCH, ALSO TENDING RELIEVE TIGHT LIQUIDITY SITUATION. THIS EXPANSION DUE NET FOREIGN ASSETS INCREASE. CENTRAL BANK NET DOMESTIC ASSETS CONTRACTED BY ALMOST 8 PERCENT IN MARCH. DESPITE CENTRAL BANK'S EFFORTS NET DOMESTIC ASSETS STILL ABOUT \$ B 47 MILLION ABOVE SECOND QUARTER IMF STAND- BY CEILING. SITUATION WOULD HAVE BEEN WORSE BUT FOR SLOW MOVEMENT COUNTERPART AND AID PROGRAM LOAN FUNDS.

6. NET CENTRAL BANK CREDIT TO GOB INCREASED BY ABOUT 1.5 PERCENT OR \$ B 28 MILLION IN MARCH, ABOUT \$ B 167 MILLION ABOVE SECOND QUARTER IMF STAND- BY CEILING.
BREWIN

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ADP000

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ACTION ARA-17

INFO OCT-01 ADP-00 AID-20 CIAE-00 COME-00 EB-11 FRB-02

INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 CIEP-02

LAB-06 SIL-01 SAL-01 OMB-01 NSC-10 SS-15 STR-08

CEA-02 IGA-02 RSR-01 /130 W
----- 055462

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FM AMEMBASSY LA PAZ

TO SECSTATE WASHDC 9558

LIMITED OFFICIAL USE SECTION 2 OF 2 LA PAZ 2103

7. TREASURY REVENUE THROUGH FEBRUARY ONLY 93 PERCENT ABOVE SAME PERIOD LAST YEAR. IN FIRST QUARTER, SHOULD BE ABOUT 138 PERCENT ABOVE FIRST QUARTER LAST YEAR TO BE ON TRACK TO PRODUCE \$ B 2,800 FOR FULL YEAR AND VIRTUALLY ELIMINATE DEFICIT. PRELIMINARY CUMULATIVE FIGURE FOR MARCH

\$ B 465.4 MILLION, INDICATING 82 PERCENT INCREASE FOR FIRST QUARTER OVER YEAR AGO. MARCH, 1973 NOT COMPARABLE MARCH 1972, HOWEVER, BECAUSE OF LARGE INCREASE IN NUMBER OF HOLIDAYS AND DELAY IN PRESENTING COMPANY BALANCE SHEETS AND PAYMENT OF ACCOMPANYING TAXES. OTHER FACTORS IN WORSE THAN EXPECTED COLLECTIONS ARE NON- PAYMENT OF TAXES DUE CLAIMS LACK OF LIQUIDITY AND RESISTANCE OF MEDIUM MINERS TO PAYMENT 40 AND 20 PERCENT TAX UNTIL HAVE REACHED SETTLEMENTS WITH GOB AND LABOR. ACCORDING IMF REP ESTIMATES MEDIUM MINERS HAVE PAID IN ONLY \$ B 4 MILLION WHEREAS SHOULD HAVE PAID ABOUT \$ B 80 MILLION BY NOW.

8. THESE FACTORS PLUS RAPIDLY RISING GOVERNMENT EXPENDITURES (PARTLY DUE, REPORTEDLY, TO RISING GOVERNMENT EMPLOYMENT) HAVE RESULTED IN CASH FLOW DEFICIT OF \$ B 73 MILLION THROUGH FEBRUARY AND ABOUT \$ B 100 MILLION THROUGH MARCH WHEN TREASURY ORIGINALLY EXPECTED SHOW \$ B 200 MILLION SURPLUS.

9. DISBURSEMENTS UNDER PROGRAM LOANS MUCH LOWER THAN LIMITED OFFICIAL USE

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EXPECTED IN MARCH DUE: 1) NEGOTIATION CONTRACT INCREASES TO ADJUST FOR DEVALUATION- RELATED COST INCREASES; 2) ILLNESS WILLY VARGAS, PRESIDENT'S ECONOMIC ADVISOR; 3) REPROGRAMMING OF LOAN 045. PACE OF DISBURSEMENTS EXPECTED RISE IN APRIL.

10. COMMERCIAL/ INDUSTRIAL ACTIVITY STILL NOT OUT OF DOLDRUMS. CEMENT SALES IN JANUARY AND FEBRUARY UP ABOUT 7 PERCENT OVER SAME MONTHS OF 1972. POWER CONSUMPTION IN LA PAZ AREA DOWN ABOUT 10 PERCENT IN INDUSTRY, ABOUT 4 PERCENT IN COMMERCE AND ABOUT 5 PERCENT IN MINING. (HOPE HAVE FIRST QUARTER FIGURES FOR ENTIRE COUNTRY WITHIN FEW WEEKS).

11. SUGGEST FOLLOWING CHANGES IN FORMAT LETTER- CODED PORTION SUBSEQUENT CABLES THIS SERIES: 1) ELIMINATE REPORTING PRIOR YEAR REPORTING REVENUE AND EXPENDITURE DATA AS DEPARTMENT NOW HAS COMPLETE SERIES FOR 1971 AND 1972; THUS, G, I, J AND M WOULD BE ELIMINATED; 2) ELIMINATE O AND Q AS DOLLARS UNDER THESE PROGRAMS WERE COMPLETELY DISBURSED IN OCTOBER; ELIMINATE S AS RATE FOR CHECKS CANNOT VARY UNLESS CENTRAL BANK REIMPOSES CONVERSION CONTROLS. BREWIN

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*** Current Classification *** LIMITED OFFICIAL USE

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